

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. NO.: 4136-02
BILL NO.: HB 1762
SUBJECT: Agriculture and Animals; Economic Development; Taxation and Revenue
TYPE: Original
DATE: February 11, 2000

FISCAL SUMMARY

ESTIMATED NET EFFECT ON STATE FUNDS			
FUND AFFECTED	FY 2001	FY 2002	FY 2003
General Revenue	\$0	\$0	\$0
Total Estimated Net Effect on <u>All</u> State Funds	\$0	\$0	\$0

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2001	FY 2002	FY 2003
Total Estimated Net Effect on <u>All</u> Federal Funds	\$0	\$0	\$0

ESTIMATED NET EFFECT ON LOCAL FUNDS			
FUND AFFECTED	FY 2001	FY 2002	FY 2003
Local Government	\$0	\$0	\$0

Numbers within parentheses: () indicate costs or losses

This fiscal note contains 4 pages.

FISCAL ANALYSIS

ASSUMPTION

Officials from the **Department of Economic Development (DED)** state this proposal would expand the neighborhood assistance program (NAP) to allow “eligible new generation cooperatives” to qualify for NAP credits. The DED believes this bill allows certain types of “for profit” organizations (Cooperative Marketing Associations and Cooperative Companies) to qualify for and receive NAP credits. The DED assumes this would make administration of tax credits more difficult but believe this could be incorporated with existing staff. Therefore, the DED assumes this proposal will not have a fiscal impact to the state because the NAP credits are capped at a set amount and this proposal would simply create new entries to be eligible for the same amount of NAP credit dollars.

Officials from the **Department of Agriculture (AGR)** state this proposal creates another contribution option under the Neighborhood Assistance Act. It also gives a ten percent bidding preference for agricultural food products produced by an eligible new generation cooperative.

The AGR believes this proposal, in effect, duplicates the New Generation Cooperative Incentive Tax Credit program stipulated in Section 348.432. The AGR assumes this proposal will not have a fiscal impact to their department.

Officials from the **Department of Revenue** anticipate an increase in the number of neighborhood assistance credits, however, the increase is unknown. The Division of Taxation, Personal Tax Bureau, will need one temporary tax season employee (a cost of \$6,067) for every 130,000 credits filed with this credit (key entry) and one Tax Processing Tech I for every 2,000 credits claimed (processing). The Personal Tax Bureau will also need one Tax Processing Tech I for every 30,000 additional errors generated. The Division of Taxation, Business Tax Bureau, will need one Tax Processing Tech I for every 3,680 credits received.

Officials from the **Office of Administration (OA)** assume this proposal will not result in additional costs or savings to their agency.

Oversight assumes this proposal would not have a fiscal impact on the state since the Neighborhood Assistance Program credits are capped and this proposal would only add a different clientele to be eligible to receive the credits.

<u>FISCAL IMPACT - State Government</u>	FY 2001 (10 Mo.)	FY 2002	FY 2003
	\$0	\$0	\$0

<u>FISCAL IMPACT - Local Government</u>	FY 2001 (10 Mo.)	FY 2002	FY 2003
	\$0	\$0	\$0

FISCAL IMPACT - Small Business

A fiscal impact to business that make contributions to neighborhood organizations could be expected as a result of this proposal.

DESCRIPTION

This bill permits new generation cooperatives formed in Missouri to participate in the Neighborhood Assistance Act.

Organizations which perform community service or economic development activities are permitted to qualify as neighborhood organizations under the act by contributing to the construction of a building used to sell agricultural food products produced in Missouri by members of a new generation cooperative. Under the act, business firms making contributions to neighborhood organizations receive tax credits.

The bill also allows the Commissioner of Administration to provide a 10% bidding preference for agricultural food products produced by new generation cooperatives.

This legislation is not federally mandated, would not require additional capital improvements or rental space, but may, however, duplicate the New Generation Cooperative Incentive Tax Credit program already in place.

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SOURCES OF INFORMATION

Department of Economic Development
Department of Agriculture
Department of Revenue
Office of Administration

A handwritten signature in black ink, appearing to read "Jeanne Jarrett". The signature is stylized with a large initial "J" and a cursive "Jarrett".

Jeanne Jarrett, CPA
Director
February 11, 2000